

MISSION VALLEY GOLF AND COUNTRY CLUB  
MINUTES OF THE BOARD OF DIRECTORS MEETING  
MONDAY, SEPTEMBER 27, 2021

The Meeting was called to order by the President Jack Onofrio at 2:30 P.M. Eastern time.  
Members Present: President Jack Onofrio, Vice-President Tom Grover, Treasurer Steve Day,  
Secretary Peggy Ricklefs  
Members: Sherry Baker, Pat Cangero, Kelly Jo Drewery, Rob Harkins, Fred Binder (absent)  
Management: Doug Slusser

The Minutes of the previous meeting were approved by Steve Day and seconded by Tom Grover  
And unanimously passed.

MANAGEMENT AND OPERATIONAL: Doug Slusser. August was a solid month. September looks like another modest beat to budget. The new fiscal year looks to remain ahead of budget. The dues line is to be stable. There were 3 A/C failures. Repairs have been made. All units are working correctly. Replacement and modifications to duct work in the Dining Room has brought down humidity levels in the Clubhouse. Our new Handyman is getting things done. Mr. Slusser asked the Board for their opinion on an outside Ladies Group golfing one day during January. A motion "to decline the January date for the outing" was made by Tom Grover and seconded by Steve Day and unanimously carried. It was suggested that all outside events be Scheduled for April or May.

FINANCE: Steve Day. Mr. Day indicated that (as noted by Mr. Slusser in his review of the August financial results) even though the Club appears to be on track to slightly exceed budget for the first fiscal quarter, the Board should keep in mind that this year's performance has not so far and is not likely to be nearly as good as the prior year in terms of beating budgeted amounts of net operating income. Many factors which impacted on the prior year in a very positive way will, of necessity, have a smaller impact on the current year. These include such items as significant cost savings resulting from last year's temporary shutdown of the food and beverage operation, the outstanding increases in member head count which, because we were at full membership at the beginning of this fiscal year will not be replicated as well as the related performance over budgeted amounts of revenue for rounds of golf played and revenues from more than expected business in the food and beverage operation. Accordingly, the Club will not generate the same levels of excess cash flow in this year versus the prior year. This is especially impacted by the limitations on cash from Initiation Fees resulting from the previously mentioned full membership roster. Another factor impacting on this year's financial performance is the substantial increase in budgeted golf course maintenance costs necessitated in order to maintain our golf course at the level demanded by our membership. Mr. Day went on to state that notwithstanding the cautionary comments he had made regarding the Club's financial performance versus last year, that the Club was certainly in a strong financial position now, stronger than it has been in many years.

Mr. Day noted that the Long Range Capital Planning Committee continues to adjust and improve its model (the "Model") for looking at the long-term asset replacement needs of the Club. He pointed out that the model seeks to quantify and so allow for planning for capital needs to maintain and replace the Club's substantial depreciating assets. Such assets include such items as the roof on the main club house building, the fire suppression system in the Clubhouse, the various club parking lots, rest room facilities on the golf course, the Club's many climate control systems, tractors, industrial mowers, just to name a sample of the Club assets that must be provisioned for in order properly protect the financial stability of the Club for its members. The Model is intended to look beyond the annual capital budget prepared each year using estimates of the capital costs to be incurred only in the current year.

Mr. Day further noted that he had prepared an analysis comparing the Club's cumulative Net Operating Income (NOI) (which is calculated before depreciation expenses) to the cumulative total depreciation expense over the

last ten year period. The analysis indicates that throughout the ten year period the Club not generated adequate NOI to cover depreciation expense and that the cumulative shortfall has been quite significant. Further, at no time in the last ten years and apparently for much longer, has the Club's billing policy been designed to offset this shortfall through additional member payments dedicated to long-term capital asset replacement. Mr. Day stated that the results of the analysis beg the question "How did the Club not experience a cash flow shortage over these years?" The answer to this question is that over the course of the same period the Club has received substantial non-operating cash infusions. These include assessments (two in the last ten years), net increases in bank debt, the Legacy Trail Settlement, various member contributions relating to such things as the tennis facility and the patios and other changes to equity and other balance sheet accounts.

Mr. Day then stated that the Club cannot expect to continue to receive substantial cash flows from all of these various non-operating cash infusions. Rather, as we look to secure the future financial stability of the Club, we must change the Club's billing policy to include such payments by members. Such payments by members should be separately accounted for and restricted in use for maintaining and replacing long-lived capital assets. Mr. Day indicated his view is that it is consistent with the Board fulfilling its fiduciary duty to members to initiate such a billing policy change no later than the upcoming fiscal year beginning July 1, 2022. Finally Mr. Day stated that the Long Range Capital Planning Committee is expected to provide a proposal to the Finance Committee and the Board as to the appropriate amount for such billings to the various membership classes on a monthly and annual basis.

LONG RANGE CAPITAL PLANNING: Tom Grover. There have been 5 projects completed in the current fiscal year. The most significant being the paving of the front entrance and replacement of the 10 ton A/C for the Dining Ro

MEMBERSHIP: Sherry Baker. We have 325 Equity Members (321 Equity and 4 Corporate), 39 55 and Under, 145 Social/Sport and 26 on the waiting List. Next Meeting is scheduled for October 14<sup>th</sup>.

GREENS: Pat Cangero. Overseeding is set for November 29<sup>th</sup>. Their punch List is 75% completed. We have new divot boxes and the Rain Shelter on Hole 15 is completed. The Sign Posts came in under budget and will be installed in November. Some of the Course Equipment is on backlog.

TENNIS: Rob Harkins. The tennis courts are full. There is League play every day (home or away). \$7,000.00 has been allotted for new furniture which includes chairs, benches, umbrellas, etc. A private fund is raising money for some bleachers.

HOUSE: Kelly Jo Drewery. The new Handyman has power washed the front and side entrances, repaired the hole in the Ladies Restroom, worked on the ceiling tile, etc. Lyn has had a training session for the wait staff on rules and etiquette. Walmart will be at the Club on October 15<sup>th</sup> to issue a full menu of vaccinations. Halloween will have a costume contest and the pumpkin contest will also be held. November 17<sup>th</sup> is the Welcome Back Party.

NEW BUSINESS: Jack Onofrio. The Valley Views will return soon. The Nominating Committee has Pat Cangero, Steve Day and Hilda Lyons running for the 3 vacating positions.

With no further business, the meeting adjourned on a motion by Tom Grover and seconded by Steve Day at 3:50 P.M. The next Board Meeting is scheduled for October 25<sup>th</sup> 2021 at 2:30 P.M. Eastern Time in the Board Room.

Respectfully submitted,

Peggy Ricklefs  
Secretary